

Message Text

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PAGE 01 STATE 180246

12

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 COME-00 TRSE-00 OMB-01 INT-08

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SPC-03 SS-15 USIA-15 ACDA-19

IO-13 GSA-02 TAR-02 STR-08 CEA-02 /149 R

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9/10/73 EXT. 22656

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R 111946Z SEP 73

FM SECSTATE WASHDC

TO USLO PEKING

INFO AMCONSUL HONG KONG

C O N F I D E N T I A L STATE 180246

E.O. 11652: GDS

TAGS: EIND, ETRD, CH, US

SUBJECT: US FERROUS SCRAP EXPORTS TO THE PRC

REF: PEKING 981

1. DEPARTMENT APPRECIATES DETAILED REPORT CONTAINED
REFTEL. BELIEVE YOUR THOROUGH AND TIMELY PRESENTATION TO
WANG SERVED A USEFUL PURPOSE IN ALERTING MINMETALS TO
COMMERCIAL METALS CONCERN, AND HOPEFULLY WILL ASSIST IN
RESOLVING PROBLEM.

2. INFO PROVIDED BY MINMETALS GIVEN TO ROBERT NATHAN
ASSOCIATES (RNA), WHICH ADVISED US OF FOLLOWING IN-
FORMATION RECEIVED BY COMMERCIAL METALS FROM CAPTAIN OF
SHIP ALLEPPO, CURRENTLY DISCHARGING SCRAP IN DAIREN.
ACCORDING TO RNA, ALLEPPO CAPTAIN MESSAGED THAT HE BEING
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PAGE 02 STATE 180246

UNLOADED AT RATE OF APPROXIMATELY 200 TONS PER DAY, WITH

APPROXIMATELY 5,000 TONS OF HIS 17/18,000 TON SCRAP CARGO UNLOADED THUS FAR. AT THIS RATE, CAPTAIN EXPECTS UNLOADING TO CONTINUE INTO OCTOBER.

3. RNA SAID THAT ON BASIS INFO RECEIVED FROM ALLEPPO CAPTAIN, COMMERCIAL METALS REMAINS CONCERNED OVER POSSIBILITY OF SIMILAR DELAYS TO SHIP AJAX, WHICH CURRENTLY EN ROUTE TO PRC, AND HAS NOT YET CLEARED PANAMA CANAL. FYI: RNA INDICATED THAT ALLEPPO HAS

ACCUMULATED DOLS. 400,000 IN DEMURRAGE COSTS TO DATE. WE UNDERSTAND COMMERCIAL METALS IS STILL CONSIDERING DIVERTING AJAX TO KOREA OR TAIWAN, ALTHOUGH THEY WOULD PREFER NOT TO DO SO. END FYI.

4. AT OUR ADVICE, RNA IS GOING IN TO TALK TO PRCLO; APPOINTMENT SCHEDULED FOR SEPTEMBER10.

5. DESPITE APPARENT DIVERGENCE BETWEEN INFORMATION FROM ALLEPPO CAPTAIN AND FROM WANG YEN RE RATE AT WHICH ALLEPPO IS BEING UNLOADED, DEPARTMENT DOES NOT BELIEVE ANOTHER APPROACH TO MINMETALS BY USLO WOULD BE PRODUCTIVE AT THIS TIME. WE BELIEVE 600 TON PER DAY DISCHARGE RATE CITED BY WANG MAY BE THE RATE CALLED FOR IN CONTRACT, AND THAT MINMETALS MAY NOT HAVE BEEN ABLE TO ASCERTAIN ACTUAL UNLOADING RATE. SINCE YANG DID MENTION SEPTEMBER10 COMPLETION DATE, HOWEVER, IF YOU COULD MAKE A LOW KEY INQUIRY TO CONFIRM THAT ALLEPPO HAS ACTUALLY COMPLETED UNLOADING, AN EXPEDITIOUS REPORT THAT WE COULD PASS TO RNA WOULD BE VERY USEFUL.

6. WE NOTED WITH INTEREST YOUR GENERAL COMMENTS ON PORT CONGESTION, AND AGREE THAT US EXPORTERS SHOULD BE CAUTIONED ON POSSIBLE DELAYS. -
RUSH

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CARGO HANDLING, EXPORTS, METALS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE180246
Document Source: CORE
Document Unique ID: 00
Drafter: WPOLIK/EA/PRCM:PTLINCOLN, JR.:CED
Enclosure: n/a
Executive Order: GS INGERSOLL
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730942/aaaabepz.tel
Line Count: 96
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: PEKING 981
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jul-2001 by shawdg>; APPROVED <28 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US FERROUS SCRAP EXPORTS TO THE PRC
TAGS: EIND, ETRD, CH, US, COMMERCIAL METALS
To: PEKING
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005